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RUCNDT/USMISSION USUN NEW YORK PRIORITY 8996
RUEHJI/AMCONSUL JEDDAH PRIORITY 1768
RUEHJM/AMCONSUL JERUSALEM PRIORITY 2666
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STATE FOR NEA, NEA/IPA, NEA/PPD

WHITE HOUSE FOR PRESS OFFICE, SIT ROOM
NSC FOR NEA STAFF

SECDEF WASHDC FOR USDP/ASD-PA/ASD-ISA
HQ USAF FOR X0XX
DA WASHDC FOR SASA
JOINT STAFF WASHDC FOR PA
CDR USCENTCOM MACDILL AFB FL FOR POLAD/USIA ADVISOR
COMSOCEUR VAIHINGEN GE FOR PAO/POLAD
COMSIXTHFLT FOR 019

JERUSALEM ALSO ICD
LONDON ALSO FOR HKANONA AND POL
PARIS ALSO FOR POL
ROME FOR MFO

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SUBJECT: ISRAEL MEDIA REACTION

SUBJECTS COVERED IN THIS REPORT:

Mideast

Key stories in the media:

Major media reported that yesterday PM Benjamin Netanyahu welcomed PA President Mahmoud Abbas's willingness to meet with him in New York in late September.

The media reported that yesterday Netanyahu and U.S. Special Envoy

for Middle East Peace George Mitchell released a joint statement in London, saying that they Qhad a very productive meeting today where the full range of issues was discussed.Q HaQaretz reported that Netanyahu presented a proposal for resolving the ongoing Israeli-American dispute over construction in the settlements. Leading media reported that, in a meeting with Mitchell, Netanyahu suggested a temporary freeze, reportedly for nine months, on construction in the West Bank. HaQaretz reported that, as agreed upon in the joint statement, the Americans are slated to respond to Netanyahu's proposal at a meeting in Washington next week between Mitchell and two Israeli officials: Netanyahu's envoy, attorney Yitzhak Molcho, and DM Ehud Barak's chief of staff, Brig. Gen. Mike Herzog. Israel Radio quoted a Washington official as saying that Barak himself will lead the Israeli delegation. According to HaQaretz, Mitchell himself will return to Jerusalem in the second week of September with the goal of finalizing an agreement, as the new Israeli proposal will exclude some 2,500 housing units on which construction has already started. Additionally, in special cases where it is necessary to keep "normal life" Netanyahu wants to be able to erect public buildings in the settlements -- mainly kindergartens and schools. Finally, HaQaretz said that Israel wants the freeze to have a clear "exit plan." In Israel's view, the freeze is a confidence-building measure that must be matched by reciprocal steps from the PA and Arab states. If these fail to materialize, Israel wants an American guarantee that it will not oppose renewed building. HaQaretz reported that Mitchell has recognized the fact that Netanyahu cannot announce a settlement freeze in East Jerusalem. The officials were quoted as saying that the U.S. will not endorse new construction there, but that it would not demand that Jerusalem publicly announce a freeze.

The media reported that positive developments on a prisoner exchange for Gilad Shalit continued to emerge yesterday with news that Ahmed Jabari, the Gaza head of Hamas's military wing, had arrived in Cairo in recent days for talks on a prisoner swap. Jabari, who was accompanied by top Hamas figure Mahmoud Zahar and two other advisers, is considered the leading Hamas figure on prisoner exchange talks. Israel Radio quoted senior Hamas official Ismail Haniyeh as saying that a prisoner exchange deal is closer than ever.

The radio and other media cited contradictory statements by Hamas officials. The media reported that Israeli negotiator Haggai Hadas met yesterday with relatives of the captive soldier to update them on recent developments in the negotiations. After meeting with Hadas, Noam Shalit, the soldier's father, told HaQaretz: "There are no updates or developments other than what we're hearing in the media." On press reports that a prisoner exchange could be sealed in the coming weeks, Noam Shalit said, "That's all speculation." Yediot quoted German sources involved with the exchange proposal as saying that it will take place within two months.

The Jerusalem Post quoted the PAQs chief Islamic judge, Sheikh Tayseer Rajab Tamimi, as saying yesterday that there was no evidence to back up claims that Jews had ever lived in Jerusalem or that the Temple ever existed.

All media devoted lengthy articles to the life and times of the late Senator Edward M. Kennedy.

Maariv reported that 118 non-aligned nations sent a letter to the International Atomic Energy Agency, calling it to discuss at its General Conference in September an Iranian proposal that would prevent an attack on IranQs nuclear installations.

HaQaretz reported that the Quartet's Middle East envoy Tony Blair is accusing Israel of obstructing one of the West Bank's most important economic projects, even as Netanyahu outlines his economic peace vision abroad. Blair joined the PA in accusing Israel of violating the agreement to allocate frequencies to operate the Palestinians' second cellular phone company in the West Bank, Wataniya Mobile. The company has threatened to pull out of the deal. Blair wrote in a Quartet document that if Israel delays releasing the frequencies any further, Wataniya Mobile's \$700 million investment in the West Bank could go down the drain and other investors could be deterred.

Leading media quoted LebanonQs PM-designate Saad Hariri as saying on Tuesday that he wants to Qaffirm to the Israeli enemy that Hizbullah will be in this government whether the enemy wants it or not.

Yediot reported that the U.S. Food and Drugs Administration (FDA) will send a delegation to a plant of the Israeli pharmaceutical company Taro in Haifa to check its quality and production lines, in order to make sure that IndiaQs Sun Pharmaceutical Industries is not involved in the plantQs management. (Sun is trying to take over Taro.) Caraco, a U.S. subsidiary of Sun, was closed down around a month ago following an FDA claim that it found serious defaults in CaracoQs production line and the drugs it manufactured.

Yediot reported that Israel Electric Corporation is willing to pay EMG, an Israeli-Egyptian company, an extra \$1.5 billion to buy natural gas. Yediot cited the anger of the competing company Delek, which says that Israel Electric has yielded to the Egyptians.

The Jerusalem Post reported that New York CityQs 92nd Street QY aims to give children of expatriates a better sense of QIsraeliness.

Mideast:

Block Quotes:

II. "An Obstructing Condition"

Mati Steinberg, who teaches at the Hebrew University and the Interdisciplinary Center, and is an advisor to Shin Bet, wrote in the independent, left-leaning HaQaretz (8/27): QIn his attempt to explain why Israel should demand the Palestinians recognize Israel as a Jewish state (The Palestinian position is important, HaQaretz, Aug. 20), Prof. Shlomo Avineri presents the Palestinian positions as though they have not changed since November 1947 when they rejected the United Nations' Partition Plan. This is not so. In 1988 the Palestine Liberation Organization's National Council adopted the Palestinian Declaration of Independence, basing it on the principle of partition and citing the 1947 U.N. resolution about the establishment of a Jewish state alongside an Arab one. That led to the PLO's recognition of United Nations Security Council Resolution 242 of 1967. In 1993 the Israeli Government and the PLO declared their mutual recognition of each other's legitimate and political rights.... It is no coincidence that the first demand to recognize Israel as a Jewish state was officially presented when the Sharon government commented on the Roadmap. The more the Palestinian side adapted to the rules of international law and agreed to recognize QIsrael's right to exist in peace and securityQ (as the Roadmap stipulates) so grew Israel's need to present additional demands. This need increased still more after the Arabs launched their peace initiative.... The Israeli demand will foil the prospects for a settlement and in an area that is bi-national and with two-religions, will present a real danger to Israel's Jewish character.

II. "Criticism Is Power"

Ha'aretz editorialized (8/27): QNetanyahu had three basic arguments against Breaking the Silence, [an Israeli group that denounced alleged IDF abuse during Operation Cast Lead]. The organization operates in Israel, the only democracy in the region, which is blessed with a legal system that investigates even the IDF without favoritism; the organization is funded by foreign countries, including that of his host, British Prime Minister Gordon Brown (Netanyahu did not say whether he had asked Brown to discontinue the funding, and if so what Brown's response was); and it does not direct its criticism at those who deserve it, namely the Hamas government in Gaza and other regimes in the Middle East. By placing Israel on the same moral plane as Hamas and regimes in the Arab countries and Iran, Netanyahu unjustly denigrated Israeli democracy. The strength of a nation depends not only on its ability to fight its enemies, but also on its willingness to listen to critical

voices from within.... In the dictatorial regimes that Netanyahu condemns there are no organizations like Breaking the Silence, and anyone who questions the wisdom of the government is punished. It is hard to believe the Prime Minister envies the power of other rulers in the region to silence their critics. If that is how our most fluent speaker sounds, it's a shame that he broke his silence.

III. "De-Facto Deliberations"

Former Legal Adviser to the Foreign Ministry and former Ambassador to Canada Alan Baker, who participated in the negotiation and drafting of the Interim Agreement between Israel and the PLO, wrote in the conservative, independent Jerusalem Post (8/27): QAccording to [Article XXXI of the 1995 Israeli-Palestinian Interim Agreement on the West Bank and the Gaza Strip], QNeither side shall initiate or take any step that will change the status of the West Bank and the Gaza Strip pending the outcome of the permanent-status negotiations.Q Clearly this vital provision places a reciprocal and parallel obligation on each of the parties -- the PLO and Israel -- not to unilaterally alter the status of the territories until such change is mutually agreed upon. The intention of the parties during the negotiations was clear -- the Palestinian side will not declare a unilateral state, and the Israelis will not declare annexation.... Why is there a need to present [a unilateral proclamation of Palestinian independence in 2011] as if it is done deliberately behind Israel's back? [Palestinian Prime Minister Salam] Fayyad's plan, if it is to be taken seriously by all involved, could and should be structured to function within the existing and agreed-upon framework of the Israeli-Palestinian relationship, rather than to attempt to undermine that framework and thereby open up a Pandora's Box. It could serve as a refreshing opportunity and reason for Israeli and Palestinian teams to return to the negotiating table and work out a pragmatic way of moving forward toward the permanent-status agreement.

IV. "Pulp Journalism"

Far left columnist Gideon Levy wrote in Ha'aretz (8/27): QThe task of serious journalism is to document, investigate and prove -- not to call on others to investigate, as the Swedish tabloid [Aftonbladet] did. One may, for example, accuse the Swedish reporter of a crime, writing that he rapes little boys or girls, all based on suspicions and rumors, and call on the Swedish police to investigate. That's what the reporter did with his claims of trafficking in Palestinian organs.... The Israeli occupation is ugly enough without the contribution of Nordic fairy tales. Its wrongs are abominable even without exaggerations and inventions. We, a small group of Israeli journalists trying to document the occupation, always knew that we must not publish an unfounded report. One mistake and the whole journalistic enterprise would fall into the hands of official propaganda, which automatically denies all suspicions and is just waiting for a mistake.... Now all serious researchers, journalists and human rights groups have to prove the accuracy of their findings. The truth is that the occupation is very evil, even if not in the way Aftonbladet presented it.

IV. QItQs Open Season on Israel

Settler leader Israel Harel wrote in HaQaretz (8/27): QOnly due to the uproar that [Foreign Minister Avigdor] Lieberman fomented did the public become aware of the anti-Israel zealotry of many ... nongovernmental organizations, which are financed, inter alia, by donations from Arab oil powers, huge western foundations like the Ford Foundation, countries such as Britain, the Netherlands, and Switzerland, and the European Union.... Words, screamed Peace Now earlier this week, can kill. That is true. And what about the millions of words denouncing Israel that this organization, and others like it, export overseas, where they serve as weapons of propaganda against Israel?.... This ongoing, organized, global and completely unbridled campaign of demonization is liable (and who should know better than we?) to end in a new license for genocide -- against us.

VI. QThe Zionist LeftQs Red Lines

Liberal columnist Larry Derfner wrote in The Jerusalem Post (8/27):

QThere's a lot I agree with, a lot I identify with, in Neve Gordon's recent Los Angeles Times op-ed QBoycott Israel.Q Like the Ben-Gurion University professor, I realize that Israel has become so right-wing that it's not going to end the occupation on its own. While I haven't lost all hope, as he has, that the Obama administration will force Israel's hand, I can't help seeing that Barack Obama and his team are wilting by the day. Like Gordon, I look at my two sons and dread the future that's waiting for them in this country unless there's a radical change, which is seeming more and more unlikely. But while I pretty much go along with his reading of where things stand, I want nothing to do with the solution he's chosen -- throwing in with the Palestinian/international campaign for boycott, divestment, and sanctions (BDS) against Israel. By doing so, he's joining a movement that is not out to Qsave Israel from itself,Q as he writes, but one that simply hates Israel's guts, that sees it as 100 percent guilty and the Palestinians as 100% innocent. He's standing up for a cause that's rotten and destructive.... Joining a movement that advertises its thoroughgoing malice for Israel, and that means to wreck it, is dishonorable.

CUNNINGHAM